

2005-2006 PERFORMANCE PLAN – CHIEF INVESTMENT OFFICER

Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	
20%	Total Fund	Excess return in basis points relative to total fund performance benchmark. (SJIC – CPERSTOT)	-40bp = 0 0bp = 1.0 +20bp = 1.5	
10%	Global Equity	Total Public Equity excluding AIM compared to CalPERS Policy Total Equity Index Return. (GLOBLIC - CPERSGE)	-50bp = 0 -10bp = 1.0 +15bp = 1.5	6.66% - 6.44% = +22 basis points
10%	AIM	AIM Program Performance vs. Venture Economics Young Fund Median Return.	Median = 0 Median + 150 = 1 Median + 250 = 1.5	Above target. Aggregate Excess Returns: +830 basis points
10%	Global Fixed Income	Total Global Fixed Income vs. 88% Lehman Domestic Index/12% WGBI ex US. (SJEK – CPERGFI)	0bp = 0 +40bp = 1.0 +60bp = 1.5	.993% - 1.27% = +28 basis points
10%	Real Estate	Total Real Estate vs. NCREIF Property First Quarter Lag Index.	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5	Total Real Estate Number (before fees) 51.1% vs NCREIF benchmark was 18.%
60%	Subtotal	Quantitative Measures		

Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	
10%	Strategic Plan	Present a report to the Board at the July offsite on the strategic issues facing the investment portfolio.	From Schedule	On schedule
10%	Environmental Investments	Issue an RFP for Project Greenwave for Global Equity by December 31, 2005.	From Schedule	On schedule
10%	Annual Plan	Integrate the Strategic Plan of the Board into the Investment Office Annual Plan and present to the Investment Committee by October 30, 2005.	From Schedule	On schedule

2005-2006 PERFORMANCE PLAN – CHIEF INVESTMENT OFFICER - Continued

Qualitative Performance Measures (continued)

Weight	Factor	Performance Measure	Incentive Schedule	
10%	Diversity Plan	Implement all elements of the enterprise wide diversity plan that relate to the responsibilities of the Investment Office by June 30, 2006.	From Schedule	On schedule
40%	Subtotal	Qualitative Measures		
100%	Total	Quantitative and Qualitative Measures		

Supervisor's Approval: Original signed by Fred Buenrostro

Date: November 30, 2005